Chukchi Sea Play 10: Herald Arch-Thrust Zone

Geological Assessment

GRASP UAI: AAAAA DAK
Play Area: 3,130 square miles
Play Water Depth Range: 55-180 feet
Play Depth Range: 1,000-17,000 feet
Play Exploration Chance: 0.0144

Play 10, the "Herald Arch-Thrust Zone" play, is a subordinate play in the Chukchi Sea OCS Planning Area, with negligible technically recoverable petroleum resources.

Table 1 summarizes the volumetric input data developed for the *GRASP* computer model of Chukchi Sea play 10. Table 2 reports the risk model used for play 10. The location of play 10 is shown in figure 1.

This play involves highly-deformed Cretaceous and older (i.e., Lower Brookian, Ellesmerian) rocks that comprise acoustic basement beneath Herald thrust zone and Herald arch north of the limit for Tertiary strata in Hope basin. Highly deformed and seismically featureless pre-Brookian rocks rise to the seafloor beneath the Herald arch. Although fragments of axial areas of synclines are visible in some seismic profiles in Herald thrust zone, no traps can be reliably mapped. However, we speculate that traps in unseen anticlinal closures between synclines are present, but generally small in size consistent with the small fold wavelengths suggested by the synclines observed in seismic data. High levels of thermal maturity (1.76 percent vitrinite reflectance in Jurassic argillite cored at the seafloor south of Herald fault suggest that any pooled hydrocarbons will most likely be gas. This play was apparently tested at Eagle Creek and Akulik wells onshore, both of which recovered minor quantities of gas in drill stem tests from structurally complex

Nanushuk or Torok Formation sandstones.

Because of the difficulties in seismic identification of prospects in play 10, coupled with high geological risks related to reservoir quality and trap integrity, play 10 was assessed with negligible technically recoverable petroleum resources.

GRASP Play Data Form (Minerals Management Service-Alaska Regional Office) Basin: Chukchi Sea Planning Area Assessor: K.W. Sherwood Date: January 2005 Play Number: 10 (Not Assessed) Play Name: Herald Arch - Thrust Zone (Not Assessed) Play UAI Number: AAAAA DAK Play Area: mi² (million acres) 3,130 (2.003) Play Depth Range: feet 1,000 - 17,000 (mean = 4,000) Expected Oil Gravity: O API Reservoir Thermal Maturity: % Ro 1.00 - 4.30 60 (No Free Oil) Play Water Depth Range: feet 55 - 180 (mean = 165) **POOLS Module (Volumes of Pools, Acre-Feet)** F100 F75 F50 Mean/Std. Dev. F25 F15 F10 F05 F02 F01 F00 Prospect Area (acres)-Model Input* Insufficient Data for Statistical Fit 3362/1702 4140 4921 Prospect Area (acres)-Model Output** 508 1368 1627 2174 3000 5533 6581 8000 9112 22447 Fill Fraction (Fraction of Area Filled) 0.12 0.19 0.20 0.22 0.25 0.25/0.04 0.28 0.30 0.31 0.33 0.35 0.37 0.50 326 388 535 763 855/455 1054 1270 1437 1707 2050 2300 Productive Area of Pool (acres)*** 131 4080 Pay Thickness (feet) 15 25 34 41 50 52/16 61 68 73 81 92 140 model fit to prospect area data in BESTFIT * output from @RISK after aggregation with fill fraction ** from @RISK aggregation of probability distributions for prospect area and fill fraction MPRO Module (Numbers of Pools) Input Play Level Chance Prospect Level Chance 0.04 **Exploration Chance** 0.0144 0.1203 Output Play Level Chance* *From "0 Pools" Probability Reported in MPRO Module Play Chance Petroleum System Factors Prospect Chance Risk Model 0.6 Closure Presence (poor mapping reliability) 0.8 0.6 Timing (traps [~65 Ma] post-date migration [~100 Ma]) Chance Porosity > 10% 0.05 Fractile F99 F95 F90 F75 F50 Mean/Std. Dev. F25 F10 F05 F02 F01 **Numbers of Prospects in Play** 3 4 5.5 8 11.03/8.66 13 16 19 24 30 36 100 Numbers of Pools in Play 0.16/0.49 11 2 Zero Pools at F12.03 Minimum Number of Pools **Mean Number of Pools Maximum Number of Pools** 1 (F10) 0.16 Play 10 not assessed (assigned negligible resources) because mean number of pools < 1.0 (B. Dickerson Rule) POOLS/PSRK/PSUM Modules (Play Resources) Fractile F100 F95 F90 F75 F50 Mean/Std. Dev. F25 F15 F10 F05 F02 F01 F00 Oil Recovery Factor (bbl/acre-foot) No Free Oil 55 238 272 335 423 459/184 538 621 689 803 930 1050 1862 Gas Recovery Factor (Mcfg/acre-foot) Gas Oil Ratio (Sol'n Gas)(cf/bbl) No Free Oil 28 Condensate Yield ((bbl/Mmcfg) 13 18 19 22 25 25/5 30 31 33 36 38 50 Pool Size Distribution Statistics from POOLS (1,000 BOE): μ (mu)= Not Run σ² (sigma squared)= Not Run Random Number Generator Seed= 941824 **BOE Conversion Factor (cf/bbl)** 5620 Probability Any Pool Contains Both Oil and Free Gas (Gas Cap) Fraction of Pool Volume Gas-Bearing in Oil Pools with Gas Cap Probability Any Pool is 100% Oil 0 Probability Any Pool is 100% Gas

Table 1. Input data for Chukchi Sea play 10, 2006 assessment (play assigned negligible resources and was not quantified with computer runs because it offers less than 1 potential pool).

Risk Analysis Form - 2006 National Assessment Assessment Province: Chukchi Sea OCS Planning Area Play Number, Name: 10. Herald Arch - Thrust Zone Assessor(s): K.W. Sherwood Play UAI: AAAAA DAK Date: 1-Jan-05 For each component, a quantitative probability of success (i.e., between zero and one, where zero indicates no confidence and one indicates absolute certainty) based on consideration of the qualitative assessment of ALL elements within the component was assigned. This is the assessment of the probability that the minimum geologic parameter assumptions have been met or exceeded. Play Chance Averge Conditional **Factors** Prospect Chance¹ 1. Hydrocarbon Fill component (1a * 1b * 1c) 1 1.0000 1.0000 a. Presence of a Quality, Effective, Mature Source Rock Probability of efficient source rock in terms of the existence of sufficient volume of mature source 1a 1.00 1.00 rock of adequate quality located in the drainage area of the reservoirs b. Effective Expulsion and Migration Probability of effective expulsion and migration of hydrocarbons from the source rock to the 1b 1.00 1.00 reservoirs. c. Preservation Probability of effective retention of hydrocarbons in the prospects after accumulation. 1c 1.00 1.00 2. Reservoir component (2a * 2b) 2 1.0000 0.0500 a. Presence of reservoir facies Probability of presence of reservoir facies with a minimum net thickness and net/gross ratio (as 1.00 1.00 2a specified in the resource assessment). b. Reservoir quality Probability of effectiveness of the reservoir, with respect to minimum effective porosity, and 2b 1.00 0.05 permeability (as specified in the resource assessment). 3. Trap component (3a * 3b) 3 0.3600 0.8000 a. Presence of trap Probability of presence of the trap with a minimum rock volume (as specified in the resource За 0.60 0.80 assessment) b. Effective seal mechanism Probability of effective seal mechanism for the trap. 0.60 1.00 Overall Play Chance (Marginal Probability of hydrocarbons, MPhc) 0.3600 (1 * 2 * 3) Product of All Subjective Play Chance Factors Average Conditional Prospect Chance 0.0400 1 * 2 * 3) Product of All Subjective Conditional Prospect Chance Factors Assumes that the Play exists (where all play chance factors = 1.0) Must be consistent with play chance and prospect distribution -- See discussion on Page 3 of Guide Exploration Chance 0.0144 (Product of Overall Play Chance and Average Conditional Prospect Chance) Comments: See guidance document for explanation of the Risk Analysis Form 2b: Chance That Porosity >10%, Based on Regional Model for Porosity vs Reservoir Thermal Maturity Play 10 Not Assessed--mean number of pools <1.0 (B. Dickerson Rule)

Table 2. Risk model for Chukchi Sea play 10, 2006 assessment.

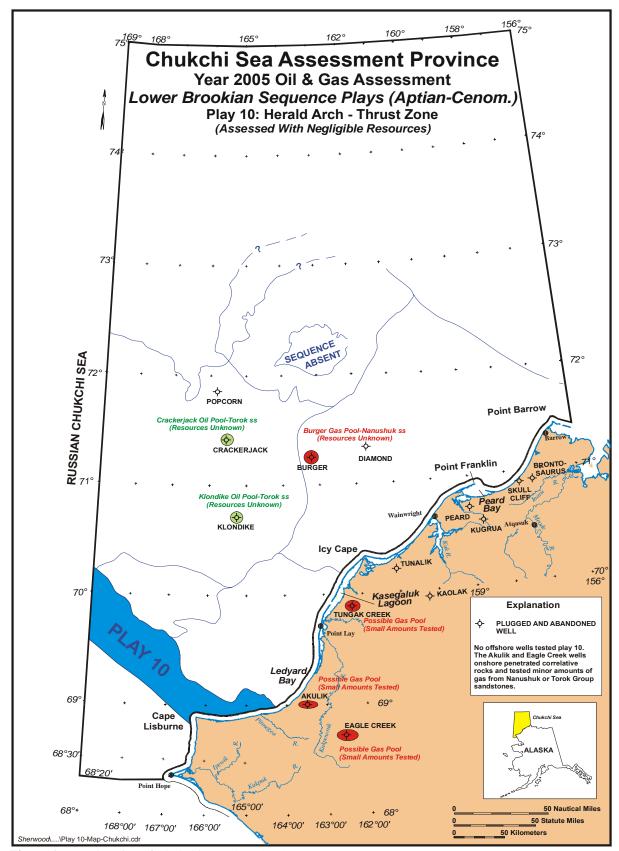


Figure 1. Map location of Chukchi Sea play 10, 2006 assessment.